

Message Text

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PAGE 01 CARACA 07153 301613Z

51

ACTION DLOS-07

INFO OCT-01 ARA-16 IO-14 ISO-00 TRSE-00 AF-10 EA-11 EUR-25

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INR-11 L-03 NSAE-00 NSC-07 PA-04 PRS-01 SP-03 SS-20

USIA-15 AID-20 CEQ-02 COA-02 COME-00 EB-11 EPA-04

NSF-04 SCI-06 FEAE-00 ACDA-19 AEC-11 AGR-20 DOTE-00

FMC-04 INT-08 JUSE-00 OMB-01 CIEP-03 CEA-02 DRC-01

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FROM USDEL LOS

E.O. 11652: N/A

TAGS: PLOS

SUBJ: LOS - DEEP SEABED RULES AND REGULATIONS

1. DISCUSSIONS WITHIN US DEL OF US DRAFT RULES AND REGULATIONS FOR DEEP SEABED HAVE REVEALED THAT EXPERT ADVISERS REPRESENTING PETROLEUM INDUSTRY HERE HAVE SERIOUS RESERVATIONS CONCERNING WORK REQUIREMENTS AND BLOCK SIZES RELATING TO HYDROCARBONS.

2. BASIC DIFFICULTIES RELATE TO FOLLOWING AREAS:

A) BLOCK SIZE - PETROLEUM ADVISERS ARE PRIMARILY CONCERNED THAT BLOCK SIZE OF 300 SQUARE KILOMETERS FOR HYDROCARBONS IS EXTREMELY SMALL IN RELATION TO THEIR ANTICIPATED REQUIREMENTS FOR DEEP LIMITED OFFICIAL USE

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PAGE 02 CARACA 07153 301613Z

SEABED EXPLORATION WHERE DISCOVERY OF DEPOSITS WILL BE HIGHLY

SPECULATIVE AND REQUIRE EXCLUSIVE RIGHTS TO LARGE AREAS.
ADVISERS INDICATE THAT RECENT GABONESE EXPLORATION CONCESSION
IN VERY DEEP WATER WAS FOR AREA OVER 30,000 SQUARE KILOMETERS.

B) WORK REQUIREMENTS - PRESENT WORK REQUIREMENT LEVELS FOR
CATEGORY (I) MINERALS ARE BELIEVED TO BE DISPROPORTIONATELY
LARGE WHEN APPLIED TO 300 SQUARE KILOMETER AREA. HOWEVER,
INDUSTRY WOULD CONTEMPLATE MUCH HIGHER LEVELS IF LARGER BLOCK
SIZE IT DESIRES WAS GRANTED. THERE IS ALSO CONCERN WITH ELIM-
INATION OF OFFSET PROVISION FOR EXPENDITURES ON LAND FOR HYDRO-
CARBONS, SINCE EXPENDITURES FOR INTERPRETING SEISMIC DATA
COMPRISE LARGE PERCENTAGE OF TOTAL OUTLAY DURING EXPLORATION
PERIOD.

3. PETROLEUM ADVISERS HAVE ACQUIESCED IN INFORMAL DISTRIBUTION
TO SELECTED FOREIGN DELS OF US DRAFT REGULATIONS WITHOUT CHANGES
TO SECTIONS ON HYDROCARBONS. (DRAFT HAS NOW BEEN CIRCULATED TO
GROUP OF 5, FRG, GDR, SRI LANKA, AND SECRETARIAT OF EC. US DEL
INTENDS TO CONTINUE INFORMAL DISTRIBUTION TO KEY LDC LEADERSHIP
IN COMMITTEE 1 WITH VIEW TOWARDS DEMONSTRATING THAT TYPE OF
RULES AND REGULATIONS DISCUSSION WE ARE PROPOSING FOR COMMITTEE
IS NOT OVERLY TECHNICAL.) HOWEVER, THEY HAVE STRONGLY URGED
THAT CONSIDERATION BE GIVEN ON URGENT BASIS TO ISSUES THEY
HAVE RAISED.

4. US DEL BELIEVES THAT OBJECTIONS RAISED BY INDUSTRY ADVISERS ON
BLOCK SIZE AND WORK REQUIREMENTS MAY BE REASONABLE, AND INTENDS
TO CONTINUE CONSULTATIONS WITH THEM FOR PURPOSE OF PROPOSING
MODIFICATIONS IN RULES AND REGULATIONS AT APPROPRIATE TIME.
WE WILL ADVISE IF ANY CHANGES ARE ANTICIPATED IN NEXT DRAFT.
EXPERT ADVISERS FROM PETROLEUM INDUSTRY HAVE ALSO RAISED QUESTION
CONCERNING DESIRABILITY OF FIRST-COME, FIRST-SERVED SYSTEM.
US DEL PREPARED TO DISCUSS QUESTION WITH THEM BUT HAS NO DIS-
POSITION TO CHANGE US POSITION ON THIS QUESTION.
STEVENSON

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